

1996

Utah Individual Income Tax
Combined Forms and
Instructions

TC-40

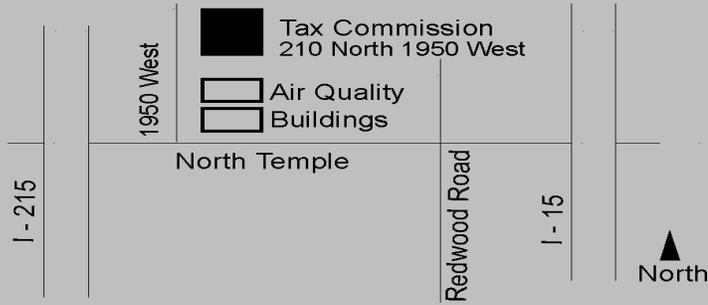


**UTAH
CENTENNIAL
1896 • 1996**

General Instructions

Utah State Tax Commission
210 North 1950 West
Salt Lake City, Utah 84134

Monday - Friday hours, 8:00 a.m. to 5:00 p.m.
Saturday hours from March 22 to April 12, 9:00 a.m. to 1:00 p.m.



(801) 297-2200 Main telephone number
1-800-662-4335 If outside the Salt Lake area
(801) 297-6700 Automated form ordering

If you need an accommodation under the Americans with Disabilities Act, contact the Tax Commission at (801) 297-3811 or Telecommunications Device for the Deaf (801) 297-3819. Please allow three working days for a response.

Complete the appropriate federal return as if you were going to file with the IRS and keep it for your records. If you are taking the blind exemption on the federal return, you must file a state return, even if your federal tax liability is zero.

VOLUNTEER INCOME TAX ASSISTANCE

VITA volunteers provide tax preparation service to low income, elderly, and disabled taxpayers at various locations throughout the state during income tax season. You may contact the IRS by calling 1-800-829-1040 to find the VITA site near you.

ELECTRONIC FILING

The Utah State Tax Commission will now accept certain individual income tax returns filed electronically. Filing your Utah return electronically provides assurances that:

1. your return will be forwarded to the Utah State Tax Commission within 24 hours;
2. your return will be acknowledged by the Utah State Tax Commission upon receipt; and,
3. your refund will be speedily processed.

What are the requirements to electronically file a return?

1. Taxpayers must file as a full-year Utah resident.
2. Taxpayers may claim credit for taxes paid to one additional state.
3. Taxpayers must file both the federal and state returns electronically and at the same time.
4. Taxpayers must be filing an original return for calendar year January 1, 1996 to December 31, 1996. Amended or corrected returns, or returns with a net operating loss, are not allowed.
5. Tax return cannot be for a deceased taxpayer or spouse.

You can obtain assistance preparing your taxes and filing electronically through any professional tax preparer who participates in the Utah Federal/State Electronic Filing Program. If you prepare your own Utah return, a participating tax preparer or electronic filer can accept your completed returns and file them electronically for you.

If you qualify for Volunteer Income Tax Assistance, you may obtain free assistance for electronic filing. Contact the Tax Commission at the address and telephone numbers listed above for Tax Commission VITA site hours.

WHEN TO FILE

You must file your return and pay any income tax due:

1. by April 15, 1997, if you file on a 1996 calendar year basis (tax year ends December 31st); or,
2. by the 15th day of the fourth month following the close of the fiscal year, if you file on a fiscal-year basis.

If your return is **not** filed on time, you may be subject to penalties and interest. (See Penalty and Interest instructions on page 3)

EXTENSION OF TIME TO FILE

This is an extension of time to file your tax return - **NOT** an extension of time to pay your taxes. You are automatically allowed an extension of up to six months to file your return. **However, if the prepayment requirements (see next paragraph) have not been met on or before the original due date (generally April 15th), penalties will be assessed.** (see Penalty and Interest instructions on page 3)

WHO MUST FILE

A. General Requirements: A Utah income tax return must be filed by:

1. every Utah resident who is required to file a federal income tax return;
2. every nonresident or part-year resident having income from Utah sources who is required to file a federal return;
3. taxpayers requesting a refund of any overpayment of income tax regardless of the amount of gross income; or,
4. every resident or nonresident with Utah income that meets the following "Specific Requirements" in paragraph "B" below, even if a federal return is not required.

B. Specific Requirements: If you meet any of the criteria shown in the chart below, you must file a Utah income tax return - **even if no federal return was filed.**

Marital Status at end of 1996:	Filing Status:	At end of 1996 you were:	And gross income is at least:
Single	Single	Under 65 65 or older	\$5,913 \$6,863
	Head of Household	Under 65 65 or older	\$7,813 \$8,763
Married with dependent child, living apart from spouse during last 6 months of 1996	Head of Household	Under 65	\$7,813
		65 or older	\$8,763
Married, living with spouse at end of 1996 or up to date spouse died	Married joint return	Under 65 (both)	\$10,526
		65 or older (one spouse)	\$11,276
		65 or older (both spouses)	\$12,026
	Married separate return	Any age	\$1,913
Married, not living with spouse at end of 1996 or up to the date spouse died	Married joint or separate return	Any age	\$1,913

PREPAYMENT REQUIREMENTS

The required prepayment must equal 90 percent of the tax due for 1996 or 100 percent of the amount of your 1995 Utah tax liability as indicated on line 9 of your 1995 Utah return TC-40S, line 19 of TC-40, or line 20 of TC-40NR. A prepayment may be in the form of withholding (W-2, TC-675R, TC-675M, etc.), tax credit, and/or payment made on or before the tax due date using form TC-546, Voluntary Prepayment of Income Tax. Interest will be assessed on unpaid tax from the filing due date until the tax is paid in full. Penalties may also be assessed.

DOMICILE DEFINED

The term "domicile" means the place where an individual has a true, fixed permanent home and principal establishment, and to which place, whenever he is absent, he has the intention of returning. It is the place in which a person has voluntarily fixed the habitation of himself and his family, not for a mere special or temporary purpose, but with the present intention of making a permanent home (28 C.J.S. Domicile §1). After a domicile has been established, two conditions are necessary to create a new domicile: first, an abandonment of the old domicile, and second, the intention and establishment of a new domicile. The mere intention to abandon a domicile, once established, is not sufficient to create a new domicile. Before a person can be said to have changed his domicile, even though he manifests an intention to abandon the old domicile, a new domicile must be shown.

UTAH RESIDENT DEFINED

A Utah resident is an individual who:

1. is domiciled for the entire year in Utah, even though temporarily outside of Utah (temporarily may be an extended period of time - even years in certain situations);
2. is domiciled in Utah for any period of time during the taxable year, but only for the duration of that period; or,
3. even though domiciled outside Utah, maintains a permanent place of abode within the state and spends a total of 183 days or more of the taxable year within Utah. This does not apply to military personnel or their spouses who are in Utah on military assignments, unless they are Utah residents.

PART-YEAR RESIDENT DEFINED

A part-year resident is an individual who is domiciled in Utah for part of the year and is domiciled outside Utah for part of the year. All income received during the period of Utah residency by a part-year resident is taxable in Utah, regardless of the source of that income. Income from Utah sources is taxable in Utah during the period of nonresidency.

NONRESIDENT DEFINED

A nonresident individual is one who was not in Utah or who was in Utah for temporary or transitory purposes for less than 183 days during the taxable year. Income received by a nonresident from Utah sources is taxable.

TAX RETURNS OF DECEASED TAXPAYERS

If an individual dies during the year, but would have been required to file an income tax return, a final return must be filed on his or her behalf. The personal representative, executor, administrator, legal representative, or survivor must sign and file

the final return and any other returns still due. The person filing the return should write "DECEASED" after the name of the deceased taxpayer in the name and address section of the return and in the signature block. Persons claiming a refund must attach form TC-131, Statement of Person Claiming Refund Due a Deceased Taxpayer, to the front of this return.

MILITARY PERSONNEL, NATIVE AMERICANS, AND STUDENTS

Special rules apply to military personnel, Native Americans, and students. They are as follows:

A. Military Personnel

(If you filed a federal return, you must also file a state return, even though your Utah tax liability may be zero.)

1. Residents: Utah residents who enter military service do not lose their Utah residency or domicile solely by being absent due to military orders. They still must file a resident income tax return in Utah on all income, regardless of the source. If income tax is required to be paid to another state on nonmilitary income, a credit is allowed for the tax paid to the other state. If taxes are owed to another state, refer to line 32 of your state income tax return and complete Schedule A, Part I, form TC-40A.
2. Nonresidents: Nonresidents who are stationed in Utah solely due to military orders, are not subject to tax on their military pay in Utah. However, if nonresident personnel or members of their family residing in Utah have earned income from Utah sources, other than active military service pay, they are required to file a Utah state income tax return and pay any taxes due.

NOTE: The spouse of a person in active military service is generally considered to have the military person's domicile and is subject to the same income tax laws and rules that apply to the military person.

B. Native Americans

1. Native Americans who are domiciled and earn income in Utah, should file a Utah income tax return. *An enrolled member of a Native American tribe or nation in Utah who lives and works on the reservation on which he or she is an enrolled member, is exempt from Utah income tax on income earned on the reservation.*
2. Nonresident Native Americans who are not domiciled on a reservation within Utah, but earn income from Utah sources, should file a Utah income tax return. Be sure to indicate that you are a nonresident on line 1.

C. Students

1. Resident Students: A Utah resident who is a student at a non-Utah school (full or part-time) is required to file a Utah return and pay tax on income regardless of the source. If tax is paid to another state refer to line 32 of your state income tax return for credit and complete Schedule A, Part I, form TC-40A.
2. Nonresident Students: A nonresident student who is attending a Utah school is required to file a Utah state income tax return and pay Utah tax for income, such as wages, rental income, business income, etc. earned from Utah sources.

PENALTY AND INTEREST

PENALTIES

Utah law provides for uniform tax penalties for failure to file tax returns, failure to pay tax due, and failure to file information returns or supporting schedules. Include penalty and interest on line 39 on this return.

The penalty for failure to file a tax due return by the due date is the greater of \$20 or 10 percent of the unpaid tax. In addition, if a tax balance remains unpaid 90 days after the due date, a second penalty, the greater of \$20 or 10 percent of the tax balance, will be added for failure to pay timely.

The penalty for failure to pay tax due as reported on a timely filed return, or within 30 days of a notice of deficiency, is the greater of \$20 or 10 percent of the tax due.

The penalty for underpayment of an extension prepayment is 2 percent per month of the unpaid tax during the extension period.

For a list of additional penalties that may be imposed, please refer to Utah Code 59-1-401.

INTEREST (In addition to penalties due)

Interest will be assessed at the rate prescribed by law from the original due date until any outstanding liability is paid in full. The interest rate for all taxes and fees administered by the Tax Commission for the 1997 calendar year is **8 percent**. For information on applicable interest rates, taxpayers may request form TC-15 by calling the Tax Commission (see telephone numbers on page 1), or writing to the address shown on the back cover.

ROUNDING OFF TO WHOLE DOLLARS

You must round off cents to the nearest whole dollar. Round down if cents are under 50 cents. Round up if cents are 50 cents and above.

Line-by-Line Instructions

If you filed a TC-40S (Short Form) in 1995, complete only those lines that apply to you. However, it may be to your advantage to check each line for state income tax deductions for which you may be entitled.

AMENDED RETURNS

If you need to amend a return for a tax year *other than 1996*, please use the tax form and instructions for the year you are amending.

When To Amend a 1996 Utah Income Tax Return

1. If there is an error on your state or federal return after it has been filed; or,
2. If your federal return is audited or adjusted by the IRS and the IRS audit or adjustment affects your state return. You must amend your state return within 90 days of the IRS's final determination. If you are unsure whether or not your state taxes are affected by an audit or adjustment, please contact the Tax Commission.

An amended return must be filed within three years following the date the original return was filed to qualify for a refund or a credit. A return filed before the due date is considered filed on the due date. If an amended return is required to be filed based on changes made by the IRS, a claim for refund or credit must be made within two years after a Utah amended return was required to be filed.

How To Amend a 1996 Utah Income Tax Return

- A. Check the "AMENDED" box located at the top of the return.
- B. Enter the number from the list below that best corresponds to your "REASON FOR AMENDING" in the box provided.

REASONS FOR AMENDING (enter number on return)

- 1 You filed an **amended** return with the Internal Revenue Service (*you must attach a copy of your amended federal return*);
 - 2 You made an **error** on your state return (*attach an explanation of the error*);
 - 3 Your tax calculation was **changed** by an Internal Revenue Service audit and/or adjustment (*attach a copy of the IRS adjustment*);
 - 4 You had a **net operating loss**. Utah allows net operating losses to be carried back/forward on state individual income tax returns in the same manner as on federal individual income tax returns. If your amended return is the result of a carryback net operating loss, complete an income tax return for each year you are amending (*attach a copy of your amended federal return*); or
 - 5 Other (*please attach explanation to return*).
- C. Complete the return by entering the corrected figures.
 - D. Enter other amounts shown on your original return. If you received a refund on your original return, enter the total previous refunds on line 29 of the 1996 return. If you paid with the original return or made subsequent payments of the tax prior to filing the amended return, enter the total previous payments on line 34 of the 1996 return. Contributions cannot be changed after original return is filed.

REMEMBER, except for the amounts you amend, the amounts you place on the amended return must match the amounts you placed on those lines on your original return.

NAME, ADDRESS, AND LABEL

If you received a preaddressed label with your state income tax packet, attach that label to the income tax return over the name and address area. If you did not receive a label, please provide the information requested by entering the full names and middle initials for both taxpayer and spouse. **Make sure you include your daytime and evening telephone numbers.**

000-00-0000 TAXPAYERSNAME 1234 TAXPAYERS LANE 124 TAXPAYERS RD TAX TOWN UT 80000
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If any part of the label, especially the name and social security number, is incorrect, please draw a line through the incorrect information and write the correct information next to it as shown above.

DECEASED TAXPAYER NOTE: *If you are filing on behalf of a deceased taxpayer (this includes a deceased spouse), you should use the deceased's name and your mailing address and telephone numbers. Write "DECEASED" after the name of the deceased taxpayer. Also see Signature instructions on page 14.*

1. CHECK IF YOU ARE A NONRESIDENT, OR PART-YEAR RESIDENT

Check the appropriate box if you are a Nonresident or Part-Year resident and provide the information requested. **YOU MUST ATTACH A COPY OF YOUR FEDERAL RETURN AND FEDERAL SCHEDULE A.**

2. FILING STATUS

If you filed a joint federal return, you must file a joint state return, unless the Special Instructions on page 15 apply to you.

Check the box that matches the filing status shown on your federal return (lines 1 through 5 on federal forms 1040 and 1040A).

3. EXEMPTIONS

- a. Enter a "1" if you claim yourself. If someone else, such as a parent, is claiming you as their dependent on their federal return, you must claim "0."
- b. Enter a "1" if you claimed your spouse as an exemption on your federal return; otherwise LEAVE BLANK.
- c. Enter the number of other dependents claimed on line 6c of the federal return 1040 or 1040A.
- d. Qualified Disabled dependent exemption. Taxpayers claiming this exemption must complete form TC-40D, Disabled Exemption Verification, for each exemption claimed. **Attach TC-40D to your return each year the exemption is claimed.** Enter the total disabled exemptions. *See qualifications for disabled exemption on next page.*

Qualifications For Disabled Exemption

Infants and Toddlers with Disabilities - 0 through 2 years of age. Infants eligible for the exemption must be qualified for Early Intervention or Infant Development Services for the tax year under guidelines established by the Department of Health.

Questions concerning programs for infants may be directed to the Utah Department of Health, Early Intervention Program, 44 North Medical Drive, Salt Lake City, Utah 84114-4620, telephone (801) 584-8226 or 1-800-829-8200.

School-Age Persons with Disabilities - 3 through 21 years of age. Children eligible for the exemption must be diagnosed by a local school district (under guidelines adopted by the State Board of Education), having a disability classified as: autism, deafness, developmental delay (preschool), dual sensory impairment (deaf/blind), hearing impairment, intellectual disability, multidisability, orthopedic impairment, other health impairment, traumatic brain injury, or visual impairment, AND not currently receiving residential services from the Division of Services to People with Disabilities (Department of Human Services) or from the school for the deaf and blind. Students with learning disabilities, behavior disorders, or communication disorders are not eligible for this exemption.

Questions concerning programs for children may be directed to your local school district, your local school, or the Utah State Office of Education, 250 E. 500 South, Salt Lake City, Utah 84111, telephone (801) 538-7700.

Adults with Disabilities - 18 years of age and older (unless enrolled in a school district special education program). Adults eligible for the exemption must have a severe, chronic disability that is attributable to mental or physical impairments or both and is likely to continue indefinitely. The disability must result in substantial functional limitation in three or more of the following: self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, or economic self-sufficiency. In addition, the individual must require a combination or sequence of special interdisciplinary or generic care, treatment, or other services that may continue throughout life and must be individually planned.

Adults with disabilities means, but is not limited to, persons with autism, central nervous system damage (other than mental illness) due to birth defects, genetic disorders, trauma or disease, and includes encephalitis and meningitis, cerebral palsy, epilepsy, mental retardation, severe dyslexia, or persons with severe sensory, orthopedic, or neurological impairments.

Questions concerning programs for adults may be directed to the Utah Department of Human Services, Division of Services for People with Disabilities, 120 N. 200 West, Room 201, Salt Lake City, Utah 84103, telephone (801) 538-4200.

Form TC-40D may be obtained by contacting the Tax Commission at the location or telephone numbers listed on page 1 or by contacting one of the agencies noted above.

e. Add all exemptions and enter total.

4. ELECTION CAMPAIGN FUND

If your Utah income tax liability on line 22 (line 23 if non or part-year resident) of your Utah income tax return is \$1 or more (\$2 if married filing jointly), you may designate \$1 to be distributed to the campaign fund for the party of your choice. If this is a joint return, your spouse may also designate \$1. This will not reduce your refund or increase the amount of taxes you owe.

5. FEDERAL ADJUSTED GROSS INCOME

Enter the amount shown as federal adjusted gross income on your federal return. Federal adjusted gross income is located on **line 4 of 1040EZ, line 16 of 1040A, or line 31 of 1040.**

6. STATE INCOME TAX ITEMIZED ON 1996 FEDERAL SCHEDULE A

A. For Federal Adjusted Gross Income LESS than or equal to \$117,950 (or \$58,975 for married filing separate) on line 5 on this return, and

If you filed **federal form 1040** and you claimed any income tax paid to Utah, another state, the District of Columbia, or possession of the United States as an itemized deduction on line 5 of federal Schedule A, you must enter the amount claimed as a deduction on line 6 of your Utah income tax return.

B. For Federal Adjusted Gross Income GREATER than \$117,950 (or \$58,975 for married filing separate) on line 5 on this return, and

If you filed **federal form 1040** and you claimed any income tax paid to Utah, another state, the District of Columbia, or possession of the United States as an itemized deduction on line 5 of federal Schedule A, complete the following worksheet to determine the amount to enter on line 6 of your Utah income tax return.

WORKSHEET

1. Add lines 4, 9, 14, 18, 19, 26, and 27 from federal Schedule A \$ _____
2. Add lines 4, 13, and 19, plus any gambling losses included on line 27 of federal Schedule A _____
3. Subtract line 2 from line 1. **If your answer is zero, stop here.** The full amount of state taxes claimed as an itemized deduction must be entered on line 6. _____
4. Enter the amount from line 28 on federal Schedule A. _____
5. Subtract line 4 from line 1. _____
6. Subtract line 5 from line 3. _____
7. Divide line 6 by line 3 (percent). _____ %
8. Multiply the amount on line 5 of federal Schedule A by the percentage on line 7. Enter this amount on line 6 of your Utah income tax return. \$ _____

7. LUMP SUM DISTRIBUTION

Report lump-sum distributions that you are electing to treat under the federal 10-year or 5-year averaging method on this line. If

you received a lump sum distribution and filed federal form 4972, add any amount shown on line 6 and the amount on line 10 of federal form 4972 and enter the sum on this line. Attach a copy of federal form 4972 and any 1099R form showing the distribution. **Changes to form 4972 were not available at printing, line number references may be different.**

8. STATE TAXES ALLOCATED FROM AN ESTATE OR TRUST

If state taxes were allocated to you by the fiduciary, include that amount on this line. If a state tax refund was allocated to you by the fiduciary, include that amount as a negative number on this line.

9. ADDITIONS TO INCOME FOR MSA, HESIP, REIMBURSED ADOPTION EXPENSES

- A. Medical Savings Account (MSA). The account holder of a MSA should receive a Statement of Withholding for Utah Medical Savings Account, form TC-675M, from his or her account administrator. Include on this line the sum of lines 8 and 9 from form TC-675M. Attach a copy of form TC-675M to the return.
- B. Higher Education Savings Incentives Program (HESIP). The participant in the Higher Education Savings Incentive Program should receive a Statement of Withholding for Utah Higher Education Savings Incentives Program, form TC-675H, from the trustee of the Utah Educational Savings Plan Trust. Include on this line any amount listed on line 6 from form TC-675H. Attach a copy of form TC-675H to the return.
- C. Adoption Reimbursed Expenses. Include on this line any adoption expense previously deducted from income for which you received reimbursement from your insurance company, a public welfare agency, or a private charitable organization.

Add together MSA, HESIP, and Reimbursed Adoption expenses and enter the SUM on line 9. Check the applicable boxes on line 9.

10. TOTAL ADJUSTED INCOME

11. STANDARD/ITEMIZED DEDUCTIONS

If you itemized your deductions on your federal return, you must use the itemized deduction on your state return.

Standard Deductions: The standard deduction on your Utah income tax return is the same as that allowed on your federal return on **line 34 of 1040 or line 19 of 1040A.**

1040EZ Standard Deductions: If you checked "Yes" on line 5 of the federal return 1040EZ, enter the amount from *line E, of the "Worksheet for dependents who checked Yes on line 5," located on the back of form 1040EZ, .* If you checked "No," enter \$4,000 if you are single or enter \$6,700 if you are married filing jointly.

Itemized Deductions: Enter the itemized deduction amount from line 28 of federal Schedule A.

12. PERSONAL EXEMPTIONS

The Utah personal exemption is \$1,913 per person (75 percent of the \$2,550 allowed for the federal personal exemption). If your federal adjusted income from line 5 on this return is less than the amount in the AGI table on this page for your filing status, then

multiply \$1,913 by the number of exemptions claimed in box 3e. Enter the amount on line 12.

AGI	Filing Status
\$ 88,475	Married-separate
\$117,950	Single
\$147,450	Head of household
\$176,950	Married-joint or Qualifying widow(er)

If your federal adjusted gross income exceeds the above AGI amounts for your filing status, you are subject to a reduced personal exemption amount. Multiply your federal exemption amount from line 36 on federal return 1040 by 0.75 and enter the result on line 12.

NOTE: If your income exceeds the above AGI amounts and you claim a special disabled exemption (line 3d), please complete the following worksheet to determine your state exemption amount.

HIGH-INCOME WORKSHEET FOR DISABLED EXEMPTION

- 1. Federal form 1040 line 36 x 0.75 = _____
- 2. Number of exemptions from federal form 1040 line 6d _____
- 3. Divide line 1 by line 2. Enter result _____
- 4. Number of state exemptions on line 3e _____
- 5. Multiply line 3 by line 4 and enter result _____

This is your Utah exemption amount. Enter on line 12.

13. ONE-HALF OF THE FEDERAL TAX

Add lines 44, 46, 48, and "Recapture Taxes" included on line 51 from your federal form 1040, or take the amount on line 25 of 1040A, or line 10 of 1040EZ. Divide that number by two and enter the result.

14. STATE TAX REFUND INCLUDED IN FEDERAL INCOME

If you were required to report a state income tax refund on line 10 of your federal form 1040, you can deduct that amount on this line of your state return.

15. RETIREMENT INCOME EXEMPTION/ DEDUCTION

Complete the enclosed state form TC-40A, PART 2 in order to determine your allowable exemption/deduction for retirement income.

YOU DO NOT QUALIFY FOR THE UTAH RETIREMENT INCOME EXEMPTION if (1) you received a lump sum distribution from a "retirement plan" when your employment is terminated prior to meeting your employer's normal retirement requirements; or (2) you received a distribution from a "retirement plan" that is terminated by your employer.

For example: You decide to go to work for another company. The contributions made to your former employment retirement plan are returned to you when you leave. This distribution would not qualify for the retirement exemption assuming you did not meet your employer's normal retirement requirements. Refer to line 19 instructions on page 8 if you have railroad retirement pension income.

Check the boxes provided on line 15 if you or your spouse are age 65 or older.

A. **Age 65 or older - Retirement Income Exemption:**

Each taxpayer (you and your spouse, if applicable) who was age 65 or older at the end of the tax year, is entitled to an income exemption of \$7,500. This exemption is limited by the amount of your adjusted gross income plus certain interest income. Section 'C' below explains the limitation.

B. **Under age 65 - Retirement Income Deduction:**

Each taxpayer (you and your spouse, if applicable) who was under age 65 at the end of the tax year and received retirement income, may qualify for a deduction up to \$4,800, but not in excess of the qualifying income.

Qualifying income comes in the form of pensions, annuities or **taxable social security** benefits. The deduction is only available to the taxpayer who earned the qualifying income. Pensions and annuities of one spouse which qualify as retirement income **MAY NOT** be divided between both spouses. The deduction is limited by the amount of your adjusted gross income plus certain interest income. Section 'C' below explains the limitation.

1. Qualifying income for those **UNDER** age 65: The following items are considered to be "retirement income" for determining this deduction: Pensions, annuities and social security benefits:
 - a. Paid from an annuity contract purchased under a plan which has been contributed to by your employer and is not revocable by you as provided under Section 404(a) of the Internal Revenue Code;
 - b. Purchased by an employee under a plan which meets the requirements of Section 408 of the Internal Revenue Code (commonly known as "IRA" plans);
 - c. Paid by the United States, a state thereof, or the District of Columbia;
 - d. Taxable social security benefits only if included in your federal adjusted gross income.
2. Note: Disbursements from deferred compensation plans such as 401K and 457 plans are not qualifying income for the exemption.

C. **Exemption/Deduction Limitation:** As required by law, your retirement exemption will be reduced by 50 cents for each \$1 of adjusted gross income from line 5 of the Utah return plus any lump sum amount on line 7 of the Utah return, plus any interest on line 8b of federal forms 1040A or 1040 that exceeds the amounts listed below.

- (a) \$32,000 -- married filing joint, head of household, or qualifying widow(er)
- (b) \$16,000 -- married filing separate
- (c) \$25,000 -- single

NOTE: ALL TAXPAYERS UNDER AGE 65 CLAIMING A RETIREMENT INCOME DEDUCTION ARE REQUIRED TO ATTACH COPIES OF ALL FORMS 1099R, SSA-1099, OR OTHER DOCUMENTATION TO SUPPORT THE RETIREMENT INCOME DEDUCTION.

16. INTEREST FROM U.S. GOVERNMENT OBLIGATIONS

For details regarding the tax exempt treatment of U.S. securities and obligations, the Tax Commission provides Publication 33, "Interest from U.S. Obligations."

You may deduct the amount of interest or dividend income from qualified U.S. obligations included in your federal adjusted gross income as outlined in section A below. *Before claiming this exemption, you must first subtract expenses, as outlined in section B below.*

A. Qualified U.S. Government Obligations

Income, including trust income distributed to a beneficiary, from the following sources, is exempt from Utah income tax under federal law: interest income on bonds (such as H, HH, E, or EE bonds) or other obligations of the U. S. government or its possessions; and interest or dividends on bonds or securities of any United States authority, commission, or instrumentality exempt from state income taxes under federal law (see Test For Qualifying U.S. Obligations below).

If the income is paid out of a trust, include with your return a schedule showing the calculation of income. Include the name, residency, and federal identification number of the trust making the distribution.

*Income **NOT** exempt from Utah state income tax includes: (1) interest or dividends from Federal National Mortgage Association (FNMA) and Government National Mortgage Association (GNMA); and (2) interest on refunds from the Internal Revenue Service or any federal agency or department.*

B. Subtract Expenses For Qualified U.S. Government Obligations.

Before entering the U.S. Qualified Government Obligations income as a deduction on your state return, you must first subtract certain expenses if those expenses were claimed as deductions on your federal return to calculate your federal taxable income. Those expenses are: interest expense on money borrowed to purchase or carry bonds or securities; and ordinary and necessary expenses paid or incurred in connection with producing exempt income.

TEST FOR QUALIFYING U.S. OBLIGATION EXEMPT FROM STATE TAX

Smith vs. Davis 323 U.S. 111 (1944): The U.S. Supreme Court in Smith vs. Davis has set forth the Smith test as a basis for determining whether instruments qualify as U.S. government obligations. To qualify as a U.S. government obligation exempt from state taxation, the instruments must (1) be written documents, (2) bear interest, (3) contain a binding promise by the United States to pay specific sums at specified dates, and (4) have congressional authorization that also pledges the full faith and credit of the United States in support of the promise to pay. The constitutional doctrine of intergovernmental immunity exempts federal obligations from state and local tax authority when obligations are issued to secure credit to carry on the necessary functions of government.

17. MSA AND HESIP DEDUCTION

- A. Medical Savings Account (MSA). The account holder of an MSA should receive a Statement of Withholding for Utah Medical Savings Account, form TC-675M, from his or her account administrator. Include on this line the sum of lines 5 and 6 from form TC-675M. Attach a copy of form TC-675M to the return.
- B. Higher Education Savings Incentive Program (HESIP). The participant in the Higher Education Savings Incentive Program should receive a Statement of Withholding For Higher Education Savings Incentive Program, form TC-675H, from the trustee of the Utah Educational Savings Plan Trust. Include on this line the sum of the amounts on line 4 and line 5 from form TC-675H. Attach a copy of form TC-675H to the return.

Add together MSA and HESIP deductions and enter sum on line 17. Check the applicable boxes on line 17.

18. HEALTH CARE INSURANCE PREMIUM DEDUCTION

Qualifying taxpayers may include 60 percent of the amounts paid by the taxpayer for health insurance during the taxable year for the taxpayer, spouse, and dependents.

Taxpayers may NOT take a deduction: (1) for premiums paid for health insurance if the premiums were deductible under Section 125, 162, or 213 of the Internal Revenue Code; (2) for premiums reimbursed or funded in part or in whole, by the federal government, the state, or any agency or instrumentality of the federal government or the state; or (3) if the taxpayer or taxpayer's spouse is eligible to participate in a health plan maintained and funded, in part or whole, by his or her employer.

WORKSHEET

1. Enter any amount from federal form 1040, line 26 \$ _____
2. If the amount listed on federal Schedule A, line 4 is ZERO:
 - (a) Subtract line 1 from your total qualifying health care insurance premium expenses and enter the result \$ _____
 - (b) Multiply the amount on 2(a) above by .60 and enter the results on line 18 of your Utah return. DO NOT COMPLETE THE REST OF THE WORKSHEET \$ _____
3. If the amount listed on federal Schedule A, line 4 is greater than ZERO:
 - (a) Enter the amount from federal Schedule A, line 4 \$ _____
 - (b) Enter the total of your qualifying health care insurance premium expenses. \$ _____
 - (c) Enter the total of your medical expenses excluding qualified health care insurance premiums \$ _____
 - (d) Total medical expenses-add lines 3(b) and 3(c) \$ _____
 - (e) Divide line 3(b) by line 3(d). (enter percentage) _____%
 - (f) Multiply line 3(a) by percent on line 3(e) \$ _____
4. Add lines 1 and 3(f) and subtract the sum from 3(b) \$ _____
5. Multiply line 4 by .60 (60%). This is your health care insurance premium deduction. \$ _____
Enter on line 18.

19. OTHER DEDUCTIONS

Please check the appropriate box(es) provided on line 19 to indicate the type(s) of deduction taken. *Always attach a schedule or explanation of any adjustments made on the return.*

- A. Adoption Expenses: This deduction applies to the actual qualified adoption expenses of the birth mother, the legal guardian of the birth mother (or another acting on behalf of the birth mother), or the adoptive parents. Expenses include any medical and hospital expenses of the birth mother of the adopted child that are incidental to the child's birth, living expenses of the birth mother (if paid by the adoptive parents as part of their adoption expenses); actual travel costs incurred exclusively for the purpose of completing adoption arrangements, and any welfare agency, child placement service, legal and other fees or costs relating to the adoption.

Qualified adoption expenses may be deducted regardless of whether the adoption process is terminated. Qualified adoption expenses must be deducted in the tax year in which the expenses are paid.

- B. Railroad Retirement Pensions: If you received railroad retirement benefits paid by the Railroad Retirement Board which have been reported on form RRB 1099 as tier I or tier II income, that income can be excluded from Utah taxable income. If railroad retirement pensions are deducted on line 15, do not deduct again on line 19. If you received pension payments under the railroad retirement act and are required to report all or part of the amount received (tier I, tier II, or both) as income on lines 16b and/or 20b on federal form 1040, you may deduct that amount from Utah income. If other amounts are entered on lines 16b and/or 20b, deduct only the railroad retirement amounts reported on lines 16b and/or 20b of the federal form.
- C. Native American Income: An enrolled member of a Native American tribe in Utah who lives and works on the reservation on which he is an enrolled member is exempt from Utah income tax on the reservation income. Enter the exempt income that is included in your federal adjusted gross income, and attach a statement giving the name of the nation or tribe and the enrolled or census number.
- E. Other: This may include equitable adjustments.

20. TOTAL DEDUCTIONS

21. UTAH 1996 TAXABLE INCOME

22. UTAH INCOME TAX CALCULATED

Both Utah residents and Non and Part-year residents must complete the Tax Calculation Worksheet on page 17 using the "1996 Taxable Income" amount on line 21.

IMPORTANT - PLEASE READ

UTAH RESIDENTS: The amount calculated on line 22 is your Utah income tax.

NON OR PART-YEAR RESIDENTS: To calculate the income tax you owe to Utah, you must first complete line 22, using the Tax Calculation Worksheet and then complete line 23. Line 23 will reflect your Utah income tax liability. Use state form TC-40A, PART 3 included in this booklet, to help calculate your Utah income tax liability. **Attach a copy of your federal return.**

Tax Calculation Worksheet Instructions

1. On page 17, determine if you will use **WORKSHEET A** or **WORKSHEET B** by your filing status on line 2.
2. On the WORKSHEET, locate the **wage range** that best matches the taxable income on line 21.
3. Complete calculation as instructed on the WORKSHEET.

23. NONRESIDENT AND PART-YEAR RESIDENT ONLY

STEP 1: You MUST FIRST calculate your income tax on line 22 by using the taxable income on line 21 and by using the Tax Calculation Worksheet on page 17.

STEP 2: Once STEP 1 is completed, use state form TC-40A and complete PART 3 - Non or Part-Year Residents Worksheet To Calculate Utah Income Tax Liability.

COLUMN B - TOTAL INCOME. COLUMN B is for you to record your total income as shown on your federal income tax return. If you used federal form 1040A or 1040EZ **DO NOT** complete lines 1 through 7 for COLUMN B. Enter the amount from 1040A, line 16 **or** from 1040EZ, line 4 in COLUMN B, line 8 of the worksheet.

If you used federal form 1040, enter corresponding amounts from lines 7 through 22 of your federal form 1040 to lines 1 through 7 in COLUMN B of the worksheet on state form TC-40A, Part 3.

COLUMN A - UTAH INCOME. COLUMN A is for you to record your income from Utah sources as it relates to lines 1 through 7 of the worksheet. If you use federal form 1040, 1040A, or 1040EZ, you are required to complete lines 1 through 7, if they apply.

Description of lines 1 through 7 of the worksheet.

Line 1 - Wages, Salaries, Tips, unemployment, and Other Employee Compensation

All income from wages, salaries, tips and other employee compensation for personal services performed in Utah while in a nonresident status, PLUS all such income for personal services performed both within and without Utah while in a resident status must be included in the Utah income column.

Line 2 - Dividends and Interest Income

All dividends and interest income received (actually or constructively) while in a resident status must be included in the Utah income column.

Line 3 - Net Gain or Loss From Business and Farm Income

Business and farm income (or loss) derived from Utah sources must be entered in the Utah income column. Also, in cases where such income or loss pertains only to the time that you were a Utah resident, ALL such income or loss must be entered in the Utah income column.

Line 4 - Sales Or Exchange of Capital Assets

Enter in the Utah income column the net gain or loss from the sale or exchange of capital assets derived from Utah sources while in a nonresident status, PLUS all such gain or loss from transactions that occurred while a Utah resident.

Line 5 - Pensions, Annuities, Rents, Royalties, and Partnership Income and Other Income - Attach Explanation

All pensions and annuities received (actually or constructively) while in a resident status must be included in the Utah income column. All income or loss from rent and royalties, partnerships, estates, or trusts that was derived from Utah sources must be entered in the Utah income column. Also, when such income pertains only to the time you are a Utah resident, the total amount must be entered in the Utah income column. Enter all other income from Utah sources while in a nonresident status, PLUS all income received while a Utah resident. Use this line to report lump sum distributions (see instructions for line 7). Any such distribution received after you became a Utah resident is Utah income.

Line 6 - Total lines 1 through 5 from this worksheet.

Line 7 - Adjustments To Income

Based on your residency status, enter the amount of each deduction applicable to Utah income. This may include: payments to qualified IRA or KEOGH retirement plans, alimony paid while a Utah resident, and other deductions.

Line 8 - Grand Total

Subtract line 7 from line 6. *Column b total must equal the federal adjusted gross income (AGI) on line 5 of your Utah return.*

STEP 3: Copy the Grand Totals from line 8 of COLUMNS A and B of the worksheet to the corresponding boxes on line 23 of your Utah return. Then on line 23, divide the COLUMN A box by the COLUMN B box and enter the percentage in box c. Carry the percent to four decimal places (for example .1110).

STEP 4: MULTIPLY the tax amount calculated on line 22 by the percentage in box c. Enter the result on line 23 of the state return. This is your Utah income tax liability.

24. MEDICAL SAVINGS ACCOUNT (MSA) PENALTY

Enter the penalty amount for MSA nonmedical distributions from line 12 of your Statement of Withholding For Utah Medical Savings Account, form TC-675M.

25. UTAH USE TAX

Utah residents who purchase items or services outside Utah for use or consumption in Utah, and do not pay sales tax on those items, or pay sales tax at a lower rate than the required sales tax rate for the area where they reside, must pay the tax on the purchase price at the rate applicable to the area they reside. (See "Sales and Use Tax Rate Chart" below for the tax rate for your area.)

Sales and Use Tax Rate Chart

In all Utah locations except those shown below, the sales and use tax rate is 5 7/8 percent (.05875).

In the following locations that are serviced by a public transit district, the sales and use tax rate is 6 1/8 percent (.06125).

Alpine	Lake Point	Park City	Spanish Fork
American Fork	Lehi	Payson	Springville

Cedar Hills	Lincoln	Pleasant Grove	Stansbury Park
Davis Co.	Lindon	Provo	Tooele City
Erda	Logan	Provo Canyon	Weber Co.
Grantsville	Mapleton	Salem	
Highland	Orem	Salt Lake Co.	

For example, if you lived in Logan and you purchased an item outside Utah from a mail order catalog for a price of \$10, your sales tax liability would be 6 1/8 percent (.06125) or 61 cents (see Sales and Use Tax Rate Chart above). Therefore, if the vendor outside Utah did not collect the 61 cents sales tax to be distributed to Utah, you would be liable to pay that amount on this income tax return. **Or**, if sales tax was collected at 5 percent or 50 cents, which is less than the local rate for Logan, you would still be liable for an additional 1 1/8 percent (.01125) or 11 cents.

You should complete the worksheet below to determine whether you are liable for use tax. (No credit is given for taxes paid in foreign countries.)

WORKSHEET FOR COMPUTING UTAH USE TAX

(Retain this worksheet for your records.)

1. Total amount of purchases subject to use tax \$ _____
2. Use tax rate (see rate chart above) x _____ %
3. Use tax (line 1 multiplied by line 2) \$ _____
4. Credit for tax paid (see instructions) \$ _____
5. Amount of use tax due (line 3 less line 4) Enter on line 25 of return. \$ _____

Enter ZERO if less than ZERO

26. TOTAL UTAH INCOME TAX, MSA PENALTY AND USE TAX

IMPORTANT - PLEASE READ

UTAH RESIDENTS: Add lines 22, 24, and 25

NON OR PART-YEAR RESIDENTS: Add lines 23, 24, and 25.

27. ENTER AMOUNT FROM LINE 26

28. CONTRIBUTIONS

Taxpayers may contribute to the following approved funds. Descriptions of the approved funds are provided below.

- a. **UTAH HOMELESS TRUST FUND:** *Contribute \$2 or more.* Contributions provide funds to the Homeless Trust Fund for services and programs statewide to help Utahns become self-sufficient. Additional information regarding this program is available from the Utah Department of Community and Economic Development, 324 S State, Suite 300, Salt Lake City, Utah 84111, telephone (801) 538-8723.
- b. **CHILDREN'S ORGAN TRANSPLANT FUND:** Contribute \$1 or more. Contributions provide financial assistance to the families of children in need of organ transplants. For more information contact the Department of Health, 288 N 1460 W, Salt Lake City, Utah 84116, telephone (801) 538-6339.
- c. **UTAH NONGAME WILDLIFE FUND:** Contribute \$1 or more. Contributions provide funding to the Utah Division of Wildlife Resources for management, preservation, protection, and perpetuation of nongame wildlife species. Additional information regarding this program is available in

a pamphlet provided by the Wildlife Resources Division, 1596 W North Temple, Salt Lake City, Utah 84116, telephone (801) 538-4765.

d. **STATE BOARD OF REGENTS (STATE COLLEGES AND UNIVERSITIES):** Contribute \$1 or more.

Contributions provide funds to the Utah State Board of Regents to help fund libraries and library equipment. Indicate to which college or university you would like your contribution applied by entering the corresponding code in the box provided. **If you contribute, you must specify a college or university.** The codes are as follows:

Code	Code
01 College of Eastern Utah	06 University of Utah
02 Dixie College	07 Utah State University
03 S. L. Community College	08 Utah Valley State College
04 Snow College	09 Weber State University
05 Southern Utah University	

e. **NONPROFIT SCHOOL DISTRICT FOUNDATION:**

Contribute \$1 or more. Contributions provide funds to school district foundations. Foundations are private, nonprofit entities established to promote: (1) partnership activities between schools and communities; (2) charitable giving activities which can be dedicated to specific educational programs; and (3) opportunities for scientific, educational, literary, and improvement objectives. Indicate to which school district you would like your contribution applied by entering the corresponding code in the box provided. **If you contribute, you must specify a school district.** The codes are as follows:

Code	Code	Code	Code
01 Alpine	11 Grand	21 Nebo	31 Sevier
02 Beaver	12 Granite	22 North Sanpete	32 S. Sanpete
03 Box Elder	13 Iron	23 North Summit	33 S. Summit
04 Cache	14 Jordan	24 Ogden	34 Tintic
05 Carbon	15 Juab	25 Park City	35 Tooele
06 Daggett	16 Kane	26 Piute	36 Uintah
07 Davis	17 Logan	27 Provo	37 Wasatch
08 Duchesne	18 Millard	28 Rich	38 Washington
09 Emery	19 Morgan	29 Salt Lake City	39 Wayne
10 Garfield	20 Murray	30 San Juan	40 Weber
	41 Utah Assistive Technology Chapter		

29. AMENDED RETURNS ONLY (PREVIOUS REFUNDS)

This line is used only for amended returns. When filing an amended return, enter the amount of all refunds, credits, or offsets of state income tax received for the tax year being amended. You should exclude refund interest from this amount. This amount is then added into your total tax and contributions.

30. TOTAL TAX AND CONTRIBUTIONS

31. UTAH INCOME TAX WITHHELD

Enter the amount of your **UTAH TAX WITHHELD** shown on all of your W-2 forms, box 18, and/or 1099 forms, or from any other form showing taxes withheld.

Include on this line any penalty amount listed on line 12 of form TC-675M, Statement of Withholding For Medical Savings Account, as a prepaid penalty. You **MUST** attach your withholding forms, including form TC-675M, to the front of the return as indicated in order to receive credit for the amount of withholding you claim.

32. UTAH RESIDENTS ONLY - CREDIT FOR INCOME TAX PAID TO ANOTHER STATE

As a Utah resident you must report all of your income regardless where earned. If you are also taxed by another state, the District of Columbia, or a possession of the United States, you are entitled to a credit against your Utah income tax.

To calculate the credit for taxes paid to other states, complete a separate state form TC-40A, PART 1, included in this booklet, for each other state. YOU MUST ALSO ATTACH A SIGNED COPY OF EACH STATE'S INCOME TAX RETURN FOR WHICH CREDIT IS CLAIMED.

33. CREDIT FOR UTAH INCOME TAXES PREPAID

Prepayments include prepayments you made using form TC-546, Voluntary Prepayment of Income or Fiduciary Tax, and funds from previous year's refund applied as a credit to your current tax liability.

34. AMENDED RETURNS ONLY (PREVIOUS PAYMENTS)

This line should only be used for amended returns. When filing an amended return, enter the amount of tax paid with the original return and/or subsequent payments of the tax prior to filing this amended return.

35. NONREFUNDABLE CREDITS

Nonrefundable credits are credits that can bring your tax liability to ZERO, but cannot result in a refund. Add lines a. through i.

IMPORTANT- PLEASE READ

UTAH RESIDENTS: If you are a full-year Utah resident, the sum of your nonrefundable credits **cannot be greater** than the amount on **line 22 less line 32** (subtract line 32 from line 22).

NON OR PART-YEAR RESIDENTS: If you are a nonresident or part-year resident, the sum of your nonrefundable credits **cannot be greater** than the amount on **line 23**.

a. Clean Fuel Alternative Credit

This is a nonrefundable tax credit of 10 percent (up to \$50) of the total of the purchase cost and installation services cost of EPA certified pellet burning stoves, high mass wood stoves, solid fuel burning devices, and natural gas or propane free standing fireplaces or inserts. For detailed instructions regarding the eligibility of a particular stove or fireplace, please see Form TC-40F, Clean Fuel Alternative Tax Credit, or contact the Division of Air Quality, Department of Environmental Quality, 1950 W. North Temple; P.O. Box 144820; Salt Lake City, UT 84114-4820; telephone (801) 536-4000. You must attach Form TC-40F, showing the amount of credit you are claiming and the Division of Air Quality certification, to your return.

b. Clean Fuel Vehicle Credit

This is a nonrefundable tax credit of 20 percent (up to \$500) for the purchase of new vehicles registered in Utah for the first time that are fueled by propane, compressed natural gas, or electricity, or a credit of 20 percent (up to \$400) for the cost of equipment for conversion of a motor vehicle registered in Utah to be fueled by propane, compressed natural gas, or electricity. For detailed

instructions regarding the eligibility of a particular vehicle for this tax credit, please see Form TC-40V, Clean Fuel Vehicle Tax Credit, or contact the Division of Air Quality, Department of Environmental Quality, 1950 W. North Temple; P.O. Box 144820; Salt Lake City, UT 84114-4820; telephone (801) 536-4000. You must attach Form TC-40V, showing the amount of credit you are claiming and the Division of Air Quality certification, to your return.

c. Historic Preservation Tax Credit

This is a nonrefundable tax credit of 20 percent of qualified rehabilitation expenditures costing more than \$10,000 incurred in connection with any residential certified historic building. Unused credits may be carried forward five years as a credit against Utah tax due. For detailed information regarding the eligibility of a rehabilitation project for this tax credit, please contact the State Historic Preservation Office, 300 Rio Grande, Salt Lake City, Utah 84101; telephone (801) 533-3563. You must attach form TC-40H, Historic Preservation Tax Credit, showing the amount of credit you are claiming and the State Historic Preservation Office certification, to your return.

d. Enterprise Zone Credit

Tax incentives described herein are available only to business firms meeting the following qualifications:

1. At least 51 percent of the employees at facilities of the firm located in the enterprise zone are individuals who, at the time of employment, reside in the enterprise zone; and,
2. The primary activity of the business must lie within standard industrial codes 2011 through 3999, 4221 through 4231, 5093, 7371 through 7375, and codes 7379, telemarketing firms within 7389, 7629, 7692, 7694 and 7699, as set forth in the 1987 Revision of the Standard Industrial Classification Manual.

State Tax Credits:

The following state tax credits against income tax or corporate franchise tax are applicable to qualifying businesses in an enterprise zone:

- A. A tax credit of \$750 for each new, full-time position filled in a nonretail capacity for not less than six months during a given tax year, and an additional \$500 tax credit if the new position pays at least 125 percent of the county average monthly nonagricultural payroll wage for the respective industry as determined by the Utah Department of Employment Security. If this information is not available for the respective industry, the job must pay at least 125 percent of the total average monthly nonagricultural payroll wage in the respective county; and
- B. An investment tax credit of 10 percent of the first \$100,000 in investment and 5 percent of the next \$250,000 qualifying investment in plant, equipment, or other depreciable property. Complete the New Employees Tax Credit worksheet on the next page and keep for your records.
- C. Construction jobs are not eligible for the tax credit under "A." above.
- D. During the existence of an enterprise zone, a business may claim the tax credit under "A." above only once for each increase in the number of positions. For example, if a

business increased from 30 to 35 full-time positions, it could claim a tax credit on five positions. After once having done so, any additional tax credits the business might claim could be based only on new positions beyond 35 positions, notwithstanding any fluctuation in the number of positions below 35. A business existing in an enterprise zone on the date of its designation shall calculate the number of full-time positions based on the average number of employees reported to the Department of Employment Security.

- E. Tax credits not claimed by a business on its state income tax return within three years are forfeited. (Utah Code 9-2-401 through 9-2-414)

NEW EMPLOYEES TAX CREDIT

- 1. No. of qualifying new employees x \$750 \$ _____
- 2. No. of qualifying new employees receiving qualifying wage amounts x \$500 _____
- 3. Total new employees credit (add lines 1 & 2) _____
- 4. First \$100,000 or less in investment x 0.10 _____
- 5. Additional investment over \$100,000 up to \$350,000 x 0.05 _____
- 6. Total investment credit (add lines 4 & 5) _____
- 7. Total enterprise zone credit (add lines 3 and 6) and enter on line 35d. of your Utah return \$ _____

If enterprise zone credits are being taken on your ownership in a partnership or S corporation you must allocate the above calculated credits based on your respective percentage of ownership.

All credits for enterprise zones will be subject to audit and will require you to provide verification upon request to substantiate amounts claimed.

e. Credit for Cash Contribution to Qualified Sheltered Workshop

Cash contributions made within the tax year to a nonprofit rehabilitation sheltered workshop facility for the handicapped operating in Utah and certified by the Department of Human Services as a qualifying facility, are eligible for a credit against Utah income taxes. **Check with the workshop to make sure they are a qualified sheltered workshop.** The credit is equal to 50 percent of the total of cash contributions, not to exceed \$200. Contributions claimed as a tax credit under this section may not also be claimed as a charitable deduction in determining net taxable income. (Utah Code 59-10-108)

f. Low Income Housing Credit

This is a nonrefundable tax credit in an amount determined by the Utah Housing Finance Agency, for any housing sponsor that has received an allocation of the federal low-income housing tax credit and any applicant for an allocation of the federal low-income housing tax credit. Unused credits may be carried back three years or carried forward five years. For detailed instructions regarding the eligibility of a building for this tax credit, please contact the Utah Housing Finance Agency, 177 E. 100 South, Salt Lake City, Utah, telephone (801) 521-6950. You must attach forms TC-40TCAC, Utah Low-Income Housing Tax Credit Allocation Certification, and TC-40LI, Summary of Utah Low-Income Housing Tax Credit, to your return. If you are carrying

this credit forward or backward, you must attach form TC-40LIC, Utah Low-Income Housing Tax Credit Carryback and/or Carryforward and form TC-40LI, Summary of Utah Low-Income Housing Tax Credit, to your return.

g. Tax Credit For Employers Who Hire Persons With Disabilities

This a nonrefundable tax credit for employers based on amounts paid to individuals with disabilities hired by the employer.

The credit applies only to amounts paid to individuals with disabilities. Individuals with disabilities are defined as individuals who: (1) have been receiving services from a day-training program for persons with disabilities, which is certified by the Department of Human Services as a qualifying program for at least six consecutive months prior to working for the employer claiming the tax credit; or (2) are eligible for services from the Division of Services for People with Disabilities at the time the individuals begin working for the employer claiming the tax credit.

An employer qualifies for this credit only if the individual with a disability: (1) works in this state for at least 6 months in a taxable year for that employer; and (2) is paid at least minimum wage by that employer.

The credit authorized by law shall be in an amount equal to 10 percent of the gross wages earned in the first six months of employment by the individual with a disability, and 20 percent of the gross wages earned in the remaining taxable year by the individual with a disability.

The credit taken by an employer is limited to \$3,000 per year per individual with a disability.

The credit is allowed only for the first two years the individual with a disability is employed by the employer.

Credit amounts greater than the Utah tax liability in the tax year in which the credit is earned may be carried forward to each of the following two tax years. Carryforward credits shall be applied against the tax liability of any year before the application of any credits earned in the tax year.

Employers must attach to the return, form TC-40HD, Tax Credit for Employers Who Hire Persons with Disabilities, showing the Division of Services for People with Disabilities certification, and the amount they are claiming.

h. Recycling Market Development Zones

For tax years beginning January 1, 1996 and ending December 31, 2000, the Utah Legislature has authorized a nonrefundable tax credit to individuals in a recycling market development zone as defined in Utah Code 9-2-1502. The credit consists of: (a) 5 percent of the purchase price paid during the taxable year for machinery and equipment used directly in commercial composting, or manufacturing facilities or plant units that manufacture recycled items or reduce postconsumer waste material; and (b) 20 percent of net expenditures, up to a maximum credit of \$2,000, to third parties for rent, wages, supplies, tools, test inventory, and utilities made by the taxpayer for

establishing and operating recycling or composting technology in Utah.

The total credit allowed may not exceed 40 percent of the entity's Utah tax liability.

Any amount of the tax credit attributed to the purchase of machinery and equipment that exceed the current year tax liability, may be carried FORWARD three years as a credit against Utah tax due.

For detailed instructions regarding the eligibility of particular equipment and expenses for this tax credit, please see form TC-40R, Recycling Market Development Zone Tax Credit, or contact the Department of Community and Economic Development. You must attach form TC-40R, showing the Department of Community and Economic Development certification for machinery and equipment purchases and the amount you are claiming as a credit, to your return.

i. Tutoring Tax Credit For Disabled Dependents

This is a nonrefundable tax credit of 25 percent, up to \$100, of the cost paid by the taxpayer for tutoring a disabled dependent.

A "disabled dependent" is defined as a person who: (1) is disabled under Utah Code Section 53A-15-301; (2) attends a public or private kindergarten, elementary, or secondary school, and (3) is eligible to receive disability program monies under Utah Code Section 53A-17a-111.

"Tutoring," for purposes of this credit means educational services approved by an individual education plan team and provided to a disabled dependent that supplements classroom instruction the disabled dependent receives at a public or private kindergarten, elementary, or secondary school in the state.

Tutoring does not include: (1) purchases of instructional books and materials; and (2) payments for attendance at extracurricular activities, including sporting events, musical or dramatic events, speech activities, or driver education.

For more information regarding the tutoring tax credit for disabled dependents, please contact the Utah State Board of Education at (801) 538-7700.

36. OTHER CREDITS

Enter on this line the total of "Other Credits" as described below.

a. Mineral Production Withholding Tax Credit

Enter the total of the mineral production tax withheld as shown on forms TC-675R or federal schedule K-1(s) for 1996. Be sure to attach copies of form TC-675R to the return to receive proper credit. (Include with other W-2 and 1099 forms.)

b. Credit for Agricultural Off-Highway Gas Tax

This tax credit is 19 cents per gallon. If you purchased gasoline between January 1, 1996 and December 31, 1996 for use within Utah to operate stationary farm engines and self-propelled farm machinery used **solely** for nonhighway agricultural uses and paid the Utah tax on the motor fuel, you are entitled to a credit for the gas tax paid.

1. Credit **is not** allowed for purchases of diesel fuel;
2. Golf courses, horse racing, boat operations, highway seeding, etc., do not qualify as agricultural;
3. Credit **is not** allowed for gasoline used in any vehicle registered for highway use;
4. The credit allowed is limited to persons engaged in commercial farming activities rather than those engaged in a hobby or farming for personal use;
5. Credit is only allowed for purchases made within Utah.

c. NON OR PART-YEAR RESIDENTS ONLY. Nonresident Shareholders' Withholding Tax Credit

If you are a nonresident shareholder of a small business corporation, you are entitled to a credit on your Utah Income Tax Return for income tax withheld and paid by the corporation on behalf of nonresident shareholders.

You are entitled to claim a credit equal to your respective share based on ownership as it relates to other nonresident shareholders and the amount withheld by the corporation on behalf of the nonresident shareholders.

In order to claim the credit, the federal identification number of the small business corporation must be entered on line 36c of your state return.

You should also attach a copy of the schedule K-1 issued by the corporation indicating your share of amounts withheld or a statement from the corporation indicating that information.

37. TOTAL WITHHOLDING, NONREFUNDABLE AND OTHER CREDITS

38. TAX DUE

If the Utah tax shown on line 30 is larger than the total credits on line 37, enter the balance of tax due on this line. Make check or money order payable to the Utah State Tax Commission and write your Social Security number on your check. **DO NOT MAIL CASH. THE TAX COMMISSION ASSUMES NO LIABILITY FOR LOSS OF CASH PLACED IN THE MAIL. DO NOT STAPLE CHECK TO RETURN.**

39. PENALTY AND INTEREST

This line is used for extension or late filed returns. If you owe penalty or interest, enter the amount you have computed. Penalty and interest charges are explained in the Penalty and Interest instructions on page 3.

40. TOTAL AMOUNT PAID WITH THIS RETURN

41. REFUND

If the total credits on line 37 are larger than the Utah tax on line 30, enter the amount of refund on this line. This is the amount to be refunded to you. **YOUR REFUND WILL BE ISSUED AS SOON AS POSSIBLE. HOWEVER, ALLOW AT LEAST 90 DAYS FOR YOUR REFUND TO BE PROCESSED.**

REFUND APPLIED TO 1997 TAXES

If you wish to have the entire amount of the refund shown on line 41 credited to your 1997 Utah income tax liability, please check

the box shown on this line. IF YOU CHECK THE BOX, NO REFUND WILL BE SENT TO YOU. You will claim a credit for this refund amount against the income tax for the 1997 income tax return. This election is irrevocable and once made cannot be reversed.

ALL INFORMATION ON YOUR RETURN IS COMPARED TO INFORMATION FILED WITH THE INTERNAL REVENUE SERVICE.

SIGNATURE

Under penalties of perjury, I declare that to the best of my knowledge and belief, this return and accompanying schedules reflect my true tax status.

Your signature <i>John Q. Taxpayer</i>	Date signed <i>2/3/97</i>	Occupation <i>Sales</i>	
Spouse's signature (if filing jointly, both MUST sign even if only one had income) <i>Mary Q. Taxpayer "DECEASED"</i>	Date signed <i>2/3/97</i>	Occupation	
Paid preparer's signature <i>John Preparer</i>	Date signed <i>3/3/97</i>	Check if self-employed <input checked="" type="checkbox"/>	Preparer's social security no. <i>000-00-0000</i>
Firm's name (or yours if self-employed)		E.I. number	
Paid preparer's complete address <i>77 Taxpayer Drive</i>		City <i>Tax Town</i>	State <i>UT</i> ZIP code <i>80000</i>

You must sign the return. If the return is a joint return, both husband and wife must sign. If your spouse died during 1996 and you are filing a joint return, please write "DECEASED" in the signature block.

If you paid someone to prepare your return, please check the box located above the signature area; this indicates a paid preparer was used. *The paid preparer must enter his or her name, address, and social security or federal identification number in the section below your signature on the return.*

The following example shows the signatures on form TC-8453 if you are filing electronically.

PART II DECLARATION OF TAXPAYER

Under penalties of perjury, I declare that I have compared the information reported on my 1997 Utah Individual Income Tax return with the information I have provided to my Electronic Return Originator, and the amounts entered in Part I above agree with the amounts entered on the corresponding lines of my return. To the best of my knowledge and belief, my return is true, correct and complete. This declaration, together with the accompanying schedules and statements, is to be forwarded to the Utah State Tax Commission by my Electronic Return Originator as validation of my electronically filed Utah Individual Income Tax return. I understand that both my federal and my Utah return will be jointly filed; and, that if there is an error in either return, both returns will be rejected, and my Utah refund will be delayed.

Taxpayer Signature *John Q. Taxpayer* Date *2-15-97* Spouse Signature *Mary A. Taxpayer* Date *2-15-97*

PART III DECLARATION OF ELECTRONIC RETURN ORIGINATOR (ERO) AND PAID PREPARER

Under penalties of perjury, I declare that I have reviewed the above taxpayer's 1997 Individual Income Tax return and that to the best of my knowledge and belief the entries in the return and recorded above are true, correct and complete. I have followed all of the requirements described in the Utah Handbook for Electronic Filers (Tax Year 1997) and any additional requirements specified by the Utah State Tax Commission (USTC); I have obtained the taxpayer's signature on this form, TC-8453, before submitting the return to the USTC; and, I have provided the taxpayer with a copy of all forms, schedules, statements and other information to be filed with the USTC. If I am also the Paid Preparer, I further declare under penalties of perjury that I have examined the subject tax returns and accompanying schedules and statements, and that based upon the information provided to me and of which I have knowledge, they are true, correct and complete. Check Here:

Name of ERO's Firm *John Preparer* ERO's EI Number If Paid Preparer If Self Employed

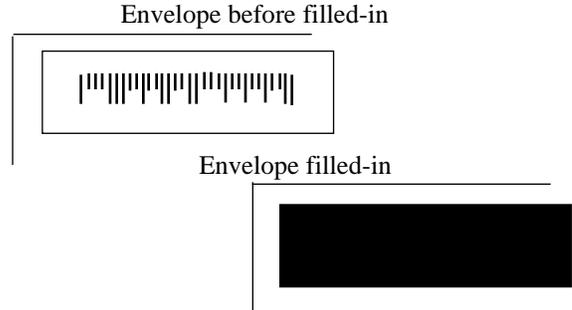
Firm's Address *11 Taxpreparer Drive* City *Tax Town* State *UT* Zip *80000*

ERO's Signature *John Preparer* Date *2-15-97* ERO's Social Security No. *000-00-0000*

ENVELOPE

An envelope has been provided in this booklet for your convenience in mailing your return and to help you get your refund quicker. Use the checklist on the back of the envelope to make sure you have complied with the filing requirements.

If you have a refund, be sure to totally darken the box on the front of the envelope using dark ink or a dark pencil. Completely fill in the box so that none of the vertical lines show.



ATTACH WITHHOLDING FORMS

f Employee's address and ZIP code				<input type="checkbox"/>
16 State	Employer's state ID no.	17 State wages, tips, etc.	18 State income tax	19 Locality name
YT	02146	32,250.00	310.00	
				Department

W-2 Wages and Tax Statement 1996
Copy 2 To Be Filed With Employee's State, City, or Local Income Tax Return

To receive credit for Utah taxes withheld, you must attach your W-2, 1099R, TC-675R, or other forms that show the amount of Utah taxes withheld. **Do not staple any check or money order to the return with these forms.**

SPECIAL INSTRUCTIONS

STEP ONE: To file using Special Instructions, one spouse must be a full-year Utah resident and the other spouse must be a nonresident or part-year resident.

EXAMPLE: Sally moved to Utah in 1995. Her husband, Brian, did not move to Utah until June of 1996. This couple qualifies to use Special Instructions for calendar tax year 1996 because Sally is a full-year resident and Brian is a part-year resident during 1996.

EXAMPLE: Doug moved to Utah in May of 1996. His wife, Marleen, does not plan to move to Utah. She decided to remain in Washington. They filed a joint federal return for calendar tax year 1996. They do not qualify for Special Instructions until tax year 1997 because Doug is only a part-year resident in 1996 and Marleen is a nonresident of Utah. The same filing status claimed on their 1996 federal return must be used on their state return. They would qualify for Special Instructions for tax year 1997 if Doug is a full-year resident and Marleen remains a nonresident during calendar year 1997.

NOTE FOR MILITARY PERSONNEL

The spouse of a person in active military service is generally considered to have the military person's domicile and is subject to the same income tax laws and rules that apply to the military person. Nonresidents who are stationed in Utah solely due to military orders, are not subject to tax on their military pay in Utah. However, if nonresident personnel or members of their family residing in Utah have earned income from Utah sources, other than active military service pay, they are required to file a Utah tax return and pay any taxes due.

EXAMPLE: Fred and Alice moved to Utah in 1995 due to military orders. Fred is in the military with Nevada as his home of record. They do not qualify to use Special Instructions while living in Utah because Alice retains the Nevada domicile of her military spouse unless Fred changes his "Home of Record" to Utah. If they file a joint federal return for 1996, they would file a joint return with Utah.

If the non-military spouse was a Utah resident before marrying the military spouse or the non-military spouse came to Utah to live without the military spouse, the non-military spouse who is a full-year resident of Utah qualifies to file a separate Utah return using Special Instructions.

STEP TWO: If you qualify to use these Special Instructions as stated in STEP ONE, you can file a federal return as married filing joint and file Utah returns as married filing separate.

If you do not qualify to use these Special Instructions, the filing status claimed on your Utah return must match the filing status shown on your federal return.

Both of you must compute your Utah taxable income as if your federal income had been computed separately, as follows:

1. First, the amount of the total federal adjusted gross income (FAGI) pertaining to each spouse shall be determined. Any adjustments that apply jointly to both spouses, shall be divided in proportion to the respective incomes of the spouses. Documentation of your computations should be included with your return.
2. Next, each spouse is allocated a portion of each deduction or add back item. This allocation of the items is determined by a percentage derived from taking each spouse's own federal adjusted gross income (FAGI) and dividing it by the combined FAGI of both spouses. Each spouse will then multiply their percentage by each of the following items to obtain their portion of deductions and add-backs allowed.
 - * Itemized or standard deduction
 - * Exemptions for dependents
 - * ½ of the federal tax liability
 - * State refund included on line 10 of the federal return
 - * Other deductions
 - * State income tax deducted as an itemized deduction on federal Schedule A
 - * Other items that must be added back on the state return

The only item on the Utah return that does not have to be allocated between the spouses' separate state returns is his or her own personal exemption. *For example, if the husband has 80 percent of the FAGI, his portion would be 80 percent of each item listed above and he would claim his own personal exemption. The wife's portion would be 20 percent of each item and her own personal exemption.*

3. The spouse filing as a Utah resident: calculate your Utah tax as instructed on line 22 of the Utah income tax return.

For the nonresident or part-year resident spouse, the Utah income tax is a percentage of the amount that would be his or her Utah income tax as if a full-year resident. This percentage is the same as that which the Utah portion of the separate FAGI bears to the total separate FAGI (not to exceed 100 percent). The Utah portion of the separate FAGI is the portion that was derived from Utah sources or was received while a Utah resident.

The nonresident or part-year resident spouse: you must complete the Utah return as a nonresident or part-year resident and complete lines 22 and 23 of the Utah income tax return, using the worksheet on state form TC-40A, Part 3, as instructed. Line 23 will show your Utah tax liability. **You must also attach a copy of your federal return.**

SEE EXAMPLES ON PAGE 16.

SPECIAL INSTRUCTIONS CONTINUED

EXAMPLE: Becky was a full-year resident of Utah before marrying Terry in 1996. Terry is in the military and he is stationed in Utah. Terry's home of record is Wyoming. They qualify to use Special Instructions because Becky was a Utah resident before marrying Terry. Their combined federal adjusted gross income reported on their 1996 joint federal return is \$75,000.

Becky's separate adjusted gross income is \$30,000. Dividing \$30,000 by \$75,000 equals .40 or 40%. This is the percentage used to allocate the different items on Becky's separate Utah resident return as follows:

Becky (Utah Resident)	Joint Federal Return Form 1040	Joint State Return Form TC-40	Percentage Allocation	Separate State Return Form TC-40
Federal adjusted gross income	\$75,000	\$75,000		\$30,000
State income tax deducted as Itemized deductions	3,710	3,710	0.40	1,484
Other additions to income	0	0	0.40	0
Standard or itemized deductions	(7,000)	(7,000)	0.40	(2,800)
Personal exemption (state is 75% of federal)	(2,550)	(1,913)	1.00	(1,913)*
Spouse exemption (state is 75% of federal)	(2,550)	(1,913)	0.00	(0)
Dependents exemptions (state is 75% of federal)	(2,550)	(1,913)	0.40	(765)**
Federal tax (liability (federal), deduction (state))	(11,912)	(5,956)	0.40	(2,382)***
State refund from line 10 of federal form 1040	(25)	(25)	0.40	(10)
Other deductions	0	0	0.40	0
 Utah Taxable Income				 \$23,614
 Utah tax as calculated on line 22 of Utah return (Use tax rate for married filing separately)				 \$1,554

Terry earned \$45,000 during 1996, but \$3,000 of that earned income was from a Utah source not related to military service pay. Terry is required to file a Utah tax return and pay taxes due. Dividing \$45,000 by \$75,000 equals .60 or 60%. This is the percentage used to allocate the different items on Terry's separate Utah return as follows:

Terry (Nonresident)	Joint Federal Return Form 1040	Joint State Return Form TC-40	Percentage Allocation	Separate State Return Form TC-40
Federal adjusted gross income	\$75,000	\$75,000		\$45,000
State income tax deducted as Itemized deductions	3,710	3,710	0.60	2,226
Other additions to income	0	0	0.60	0
Standard or itemized deductions	(7,000)	(7,000)	0.60	(4,200)
Personal exemption (state is 75% of federal)	(2,550)	(1,913)	1.00	(1,913)*
Spouse exemption (state is 75% of federal)	(2,550)	(1,913)	0.00	(0)
Dependents exemptions (state is 75% of federal)	(2,550)	(1,913)	0.60	(1,148)**
Federal tax (liability (federal), deduction (state))	(11,912)	(5,956)	0.60	(3,574)***
State refund from line 10 of federal form 1040	(25)	(25)	0.60	(15)
Other deductions	0	0	0.60	0
 Utah Taxable Income				 \$36,377
 Utah tax as calculated on line 22 of Utah return (Use tax rate for married filing separately)				 \$2,448
 Utah tax liability percentage as calculated on line 23 box c				 0.067****
 Utah Tax Liability line 23 (\$2,448 multiplied by .067)				 \$164

* State exemption for tax year 1996 is \$1,913 (Federal exemption \$2,550 multiplied by .75)

** State exemption \$1,913 multiplied by the allocation percentage.

*** The federal tax deduction is 1/2 of the federal tax multiplied by the allocation percentage.

The federal tax \$11,912 consists of lines 44, 46, and 47 from federal form 1040.

**** Line 23 box a \$3,000 divided by box b \$45,000

TAX CALCULATION WORKSHEET

WORKSHEET A (For Single or Married Filing Separately)

Use this worksheet if you checked box 2a or 2d on the front of the return.

If Utah Taxable Income on line 21 is NOT OVER \$750

a Taxable income from line 21 \$	b Multiply amount in box "a" by .0255 = \$	This is your Utah Tax. Enter on line 22.
-------------------------------------	---	--

If Utah Taxable Income on line 21 is OVER \$750 but NOT OVER \$1,500

a Taxable income from line 21 \$	b Subtract \$750 from amount in box "a" = \$	c Multiply amount in box "b" by .035 = \$	d Add \$19 to the amount in box "c" = \$
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Enter on line 22.

If Utah Taxable Income on line 21 is OVER \$1,500 but NOT OVER \$2,250

a Taxable income from line 21 \$	b Subtract \$1,500 from amount in box "a" = \$	c Multiply amount in box "b" by .044 = \$	d Add \$45 to the amount in box "c" = \$
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Enter on line 22.

If Utah Taxable Income on line 21 is OVER \$2,250 but NOT OVER \$3,000

a Taxable income from line 21 \$	b Subtract \$2,250 from amount in box "a" = \$	c Multiply amount in box "b" by .0535 = \$	d Add \$78 to the amount in box "c" = \$
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Enter on line 22.

If Utah Taxable Income on line 21 is OVER \$3,000 but NOT OVER \$3,750

a Taxable income from line 21 \$	b Subtract \$3,000 from amount in box "a" = \$	c Multiply amount in box "b" by .06 = \$	d Add \$119 to the amount in box "c" = \$
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Enter on line 22.

If Utah Taxable Income on line 21 is OVER \$3,750

a Taxable income from line 21 \$	b Subtract \$3,750 from amount in box "a" = \$	c Multiply amount in box "b" by .07 = \$	d Add \$164 to the amount in box "c" = \$
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Enter on line 22.

WORKSHEET B (For Head of Household, Married Filing Joint, or Qualifying Widow(er))

Use this worksheet if you checked box 2b, 2c, or 2e on the front of the return.

If Utah Taxable Income on line 21 is NOT OVER \$1,500

a Taxable income from line 21 \$	b Multiply amount in box "a" by .0255 = \$	This is your Utah Tax. Enter on line 22.
-------------------------------------	---	--

If Utah Taxable Income on line 21 is OVER \$1,500 but NOT OVER \$3,000

a Taxable income from line 21 \$	b Subtract \$1,500 from amount in box "a" = \$	c Multiply amount in box "b" by .035 = \$	d Add \$38 to the amount in box "c" = \$
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Enter on line 22.

If Utah Taxable Income on line 21 is OVER \$3,000 but NOT OVER \$4,500

a Taxable income from line 21 \$	b Subtract \$3,000 from amount in box "a" = \$	c Multiply amount in box "b" by .044 = \$	d Add \$91 to the amount in box "c" = \$
-------------------------------------	---	--	---

Enter on line 22.

If Utah Taxable Income on line 21 is OVER \$4,500 but NOT OVER \$6,000

a Taxable income from line 21 \$	b Subtract \$4,500 from amount in box "a" = \$	c Multiply amount in box "b" by .0535 = \$	d Add \$157 to the amount in box "c" = \$
-------------------------------------	---	---	--

Enter on line 22.

If Utah Taxable Income on line 21 is OVER \$6,000 but NOT OVER \$7,500

a Taxable income from line 21 \$	b Subtract \$6,000 from amount in box "a" = \$	c Multiply amount in box "b" by .06 = \$	d Add \$237 to the amount in box "c" = \$
-------------------------------------	---	---	--

Enter on line 22.

If Utah Taxable Income on line 21 is OVER \$7,500

a Taxable income from line 21 \$	b Subtract \$7,500 from amount in box "a" = \$	c Multiply amount in box "b" by .07 = \$	d Add \$327 to the amount in box "c" = \$
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Enter on line 22.



Frequent Errors Made When Completing Returns And How To Avoid Them

1 Incomplete returns

- Are ALL required schedules and attachments included with your return?
- If you are a nonresident or part-year resident, have you enclosed a copy of your federal return?
- Have you signed the forms in the spaces provided?
- Have you provided ALL information for yourself and your spouse?

2 Name of primary filer does not match social security number

- Is the name spelled correctly?
- Is the social security number correct?
- If there has been a name change, have you contacted the Social Security Administration?

3 Name of spouse does not match social security number

- Is the name spelled correctly?
- Is the social security number correct?
- If there has been a name change, have you contacted the Social Security Administration?

4 Error in calculating Utah resident taxable income

- Have you made certain that your arithmetic is correct?
- Did you complete lines 22 and 26 as instructed?

5 Missing Social Security number of spouse

- Did you include the social security number of your spouse?

6 Withholding amount claimed does not match W-2(s)

- Have you attached ALL current year W-2 forms for which Utah credit is claimed?
- Have you made certain that your arithmetic is correct?

7 Error in calculating nonresident or part-year resident Utah income allocation taxable income

- Have you made certain that your arithmetic is correct?
- Did you complete lines 22, 23, and 26 as instructed?

Utah State Tax Commission
210 N 1950 W Salt Lake City Utah 84134
Utah Individual Income Tax Return

1996
TC-40
Rev. 12/96

This return is for the calendar year ending Dec. 31, 1996, or fiscal year beginning _____, 19____ and ending _____, 19____.

Send the original return.
Do not send photocopy.

AMENDED RETURN

See page 4 for "THE REASONS FOR AMENDING" and enter the number in this box

Use the Utah label and enter telephone numbers. Otherwise type or print your name, address, telephone numbers, and social security numbers. (See page 4)	● Full name (first, middle initial, and last)	● Your social security number - -	
	● Spouse's name (first, middle initial, and last)	● Spouse's social security number - -	
	● Present address	● County	● Daytime telephone number ()
	● City	● U.S. or foreign state & ZIP code	● Foreign country (if not U.S.) ● Evening telephone number ()

1. CHECK if you are a Nonresident or Part-year resident. (See page 4 and Special Instructions on page 15)
Non or Part-year Residents must attach a copy of their federal return.

Nonresident. Home state is: _____
 Part-year resident from / / 96 to / / 96

2. Filing status (page 4)	If filing married joint or separate return, enter spouse's name and social security number in the label area above.	3. Exemptions (enter the same number claimed on federal return) (page 4)	4. Election campaign fund (page 5) <i>(Checking a party does not increase your tax or reduce your refund.)</i>																																				
a. <input type="checkbox"/> Single		a. <input type="checkbox"/> Yourself (enter "0" if you did not claim yourself on federal return)	<table border="0"> <tr> <td></td> <td>Yourself</td> <td>Spouse</td> <td></td> <td>Yourself</td> <td>Spouse</td> </tr> <tr> <td>Democrat</td> <td><input type="checkbox"/> A</td> <td><input type="checkbox"/></td> <td>Natural Law</td> <td><input type="checkbox"/> E</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Independent/American</td> <td><input type="checkbox"/> B</td> <td><input type="checkbox"/></td> <td>Reform Party</td> <td><input type="checkbox"/> F</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Independent</td> <td><input type="checkbox"/> C</td> <td><input type="checkbox"/></td> <td>Republican</td> <td><input type="checkbox"/> G</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Libertarian</td> <td><input type="checkbox"/> D</td> <td><input type="checkbox"/></td> <td>US Taxpayers</td> <td><input type="checkbox"/> H</td> <td><input type="checkbox"/></td> </tr> <tr> <td></td> <td></td> <td></td> <td>No Contribution</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>		Yourself	Spouse		Yourself	Spouse	Democrat	<input type="checkbox"/> A	<input type="checkbox"/>	Natural Law	<input type="checkbox"/> E	<input type="checkbox"/>	Independent/American	<input type="checkbox"/> B	<input type="checkbox"/>	Reform Party	<input type="checkbox"/> F	<input type="checkbox"/>	Independent	<input type="checkbox"/> C	<input type="checkbox"/>	Republican	<input type="checkbox"/> G	<input type="checkbox"/>	Libertarian	<input type="checkbox"/> D	<input type="checkbox"/>	US Taxpayers	<input type="checkbox"/> H	<input type="checkbox"/>				No Contribution	<input type="checkbox"/>	<input type="checkbox"/>
		Yourself	Spouse		Yourself	Spouse																																	
Democrat		<input type="checkbox"/> A	<input type="checkbox"/>	Natural Law	<input type="checkbox"/> E	<input type="checkbox"/>																																	
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Libertarian	<input type="checkbox"/> D	<input type="checkbox"/>	US Taxpayers	<input type="checkbox"/> H	<input type="checkbox"/>																																		
			No Contribution	<input type="checkbox"/>	<input type="checkbox"/>																																		
b. <input type="checkbox"/> Head of household	b. <input type="checkbox"/> Spouse																																						
c. <input type="checkbox"/> Married filing joint return	c. <input type="checkbox"/> Other dependents																																						
d. <input type="checkbox"/> Married filing separate return	d. <input type="checkbox"/> Disabled (attach form TC-40D)																																						
e. <input type="checkbox"/> Qualifying widow(er)	e. <input type="checkbox"/> Total exemptions																																						

INCOME	5. Federal adjusted gross income from federal return 1040EZ line 4, 1040A line 16, or 1040 line 31 (page 5)	5	00
	6. State income tax deducted as an itemized deduction on your 1996 federal Schedule A, line 5 (page 5)	6	00
	7. Enter entire amount of lump sum distribution reported on federal form 4972 (page 5)	7	00
	8. State taxes allocated from an estate or trust (page 6)	8	00
	9. Additions to income (page 6) ● <input type="checkbox"/> MSA ● <input type="checkbox"/> HESIP ● <input type="checkbox"/> Adoption (reimbursed expenses)	9	00
	10. Total adjusted income (add lines 5, 6, 7, 8, and 9)	10	00

DEDUCTIONS	11. Standard or itemized deductions (1040EZ filers, must see page 6)	11	00
	12. Personal exemptions deduction (page 6)	12	00
	13. One-half of the federal tax liability deduction (page 6)	13	00
	14. State tax refund included on line 10 of federal form 1040 (page 6)	14	00
	15. Retirement exemption/deduction Check box if age 65 or older (Attach schedule TC-40A, Part 2) (see page 6)	15	00
	16. Interest from U. S. government obligations deduction (page 7)	16	00
	17. MSA and HESIP deductions (page 8) ● <input type="checkbox"/> MSA ● <input type="checkbox"/> HESIP	17	00
	18. Health Care Insurance Premium deduction (page 8)	18	00
	19. Other deductions (page 8) ● <input type="checkbox"/> Adoption expense ● <input type="checkbox"/> R.R. Retire. ● <input type="checkbox"/> Native Amer. income ● <input type="checkbox"/> Other	19	00
	20. Total deductions (add lines 11 through 19)	20	00

Round to nearest whole dollar.

21. Utah 1996 taxable income (subtract line 20 from line 10) If less than zero, enter zero. ● 21 00

22. CALCULATE INCOME TAX (MUST READ INSTRUCTIONS on page 8) Worksheet on page 17 ● 22 00

Non or Part-Year Resident Taxes Only - Use form TC-40A, PART 3

23. a. Column A, line 8	÷	b. Column B, line 8	=	c. % Utah income	23	00
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Multiply line 22 by the percentage in box "c". This is your Utah income tax liability. (see page 9)

24. Medical Savings Account (MSA) penalty (from state form TC-675M) (page 9) ● 24 00

25. Utah use tax (pages 9 and 10) ● 25 00

26. Total Utah income tax, MSA penalty, and use tax ● 26 00

UTAH RESIDENTS: Add lines 22, 24, and 25.
NON OR PART-YEAR RESIDENTS: Add lines 23, 24, and 25.

27. Enter amount from line 26 (Total Utah income tax, MSA penalty, and use tax)		27	00
CONTRIBUTIONS	28. Contributions (page 10)		
	a. Homeless trust fund	<input type="radio"/> a	00
	b. Children's organ transplant fund	<input type="radio"/> b	00
	c. Utah nongame wildlife fund	<input type="radio"/> c	00
	d. State colleges and universities	<input type="radio"/> d	00
	e. Nonprofit school district foundation	<input type="radio"/> e	00
Total contributions (add lines a through e)		28	00
29. AMENDED RETURNS ONLY (previous refunds) (page 10)		● 29	00
30. Total tax and contributions (add lines 27, 28 and 29)		30	00
WITHHOLDINGS	31. UTAH TAX WITHHELD (must attach W-2 and/or 1099 forms) (page 10)	* 31	00
	32. UTAH RESIDENTS ONLY - Credit for income tax paid to another state (page 11) (use form TC-40A, Part 1)	* 32	00
	33. Credit for Utah income taxes prepaid (page 11)	● 33	00
	34. AMENDED RETURNS ONLY (previous payments) (page 11)	● 34	00
CREDITS	35. Nonrefundable credits (pages 11 through 13)		
	a. Clean fuel alternative credit (attach TC-40F)	<input type="radio"/> a	00
	b. Clean fuel vehicle credit (attach TC-40V)	<input type="radio"/> b	00
	c. Historic preservation credit (attach TC-40H)	<input type="radio"/> c	00
	d. Enterprise zone credit	<input type="radio"/> d	00
	e. Sheltered workshop cash contribution credit		
	Name of workshop	<input type="radio"/> e	00
	Total cash contribution [] x 50% (maximum credit is \$200)		
	f. Low income housing credit (see instructions for required forms)	<input type="radio"/> f	00
	g. Tax credits for employers who hire disabled employees (attach TC-40HD)	<input type="radio"/> g	00
h. Recycling market development zones (attach TC-40R)	<input type="radio"/> h	00	
i. Tutoring tax credit for disabled dependents	<input type="radio"/> i	00	
Total nonrefundable credits (add lines a through i)		35	00
<i>UTAH RESIDENT: The total nonrefundable credits on line 35 cannot exceed the amount on line 22 less line 32.</i>			
<i>NON or PART-YEAR RESIDENT: The total nonrefundable credits on line 35 cannot exceed the amount on line 23.</i>			
REFUND	36. Other credits (page 13)		
	a. Mineral production withholding tax credit	<input type="radio"/> a	00
	b. Agricultural off-highway gas tax credit [] Gallons X .19	<input type="radio"/> b	00
	c. NON or PART-YEAR RESIDENTS ONLY Nonresident shareholder's withholding tax credit	<input type="radio"/> c	00
Federal ID number [] - []			
Total other credits (add lines a through c)		36	00
37. Total withholding and credits (add lines 31 through 36)		37	00
TAX DUE	38. Tax due - If line 30 is larger than line 37, subtract line 37 from line 30. This is the amount you owe.	☹ 38	00
	39. Penalty and interest	39	00
	40. Total amount paid with this return (add lines 38 and 39)	● 40	00
REFUND	41. Refund - If line 37 is larger than line 30, subtract line 30 from line 37. This is your refund.	☺ 41	00
	Apply my refund to my 1997 taxes. I understand that I will NOT receive a refund this year.	● <input type="checkbox"/>	Office Use Only
If a paid preparer(s) completed your return, please check this box		● <input type="checkbox"/>	<input type="checkbox"/>

Under penalties of perjury, I declare that to the best of my knowledge and belief, this return and accompanying schedules reflect my true tax status.

Your signature _____ Date signed _____ Occupation _____

Spouse's signature (if filing jointly, both MUST sign even if only one had income) _____ Date signed _____ Occupation _____

Paid Preparer's Section	Paid preparer's signature	Date signed	Check if self-employed <input type="checkbox"/>	Preparer's social security no. _____
	Firm's name (or yours if self-employed)	Telephone number		E.I. number _____
	Paid preparer's complete address	City	State	ZIP code

Income Tax Schedule - Parts 1, 2, 3

(Attach to your 1996 Utah income tax return)

TC-40A
Rev. 12/96

Taxpayer's last name	Taxpayer's Social Security number
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PART 1: UTAH RESIDENTS ONLY - Credit For Taxes Paid To Another State (complete a separate Part I for each state)

1. Federal adjusted gross income taxed in state of: _____	1	\$	00	
2. Federal adjusted gross income from federal return (see line 5 instructions, pg. 5)	2		00	
3. Percent of other state gross income to total income (line 1 divided by line 2)	3			%
4. Utah income tax (line 22 on front of return)	4		00	
5. Credit limitation (line 4 times percentage on line 3)	5		00	
6. Actual income tax paid to state shown on line 1	6		00	
7. Credit for taxes paid to another state (line 5 or 6, whichever is less). Enter on line 32 on page 2 of return.	7	\$		00

YOU MUST ATTACH A SIGNED COPY OF ALL OTHER STATE INCOME TAX RETURNS FOR WHICH CREDIT IS CLAIMED. ALSO ATTACH THIS SCHEDULE.

PART 2: For Utah Residents and Non or Part-Year Residents. Retirement Income Exemption/Deduction

See instructions on page 6

1. Retirement Exemption for age 65 or older <input type="checkbox"/> Self <input type="checkbox"/> Spouse Total checked _____ x \$7,500 =	1	\$	00	
2. Retirement Deduction for under age 65				
		Self	Spouse	
a. Qualified retirement income *	a.	\$	\$	
b. Retirement limitation	b.	\$ 4,800	\$ 4,800	
c. Enter the lesser of a or b for each column.	c.	\$	+\$	= 2 \$ 00

If you or your spouse are 65 or older, enter "0." Add "Self" and "Spouse" amounts on line "c." for total.

* Line 2 is limited to qualifying taxable retirement income up to \$4,800 per retiree and can only be used by the retiree who earned the income (see instructions on page 7). ATTACH ALL FORMS 1099R, SSA-1099, RRB-1099, or other documentation to support your deduction.

3. Total exemption and deduction amount (add lines 1 and 2)	3		00	
4. Enter federal adjusted gross income from line 5 of state return, plus any lump sum amount from line 7 of your state return, plus any interest on line 8b of federal forms 1040A or 1040	4	\$	00	Round to nearest whole dollar.
5. Less: (a) \$32,000 -- married filing joint, head of household, or qualifying widow(er) (b) \$16,000 -- married filing separate (c) \$25,000 -- single	5		00	
6. Subtract line 5 from line 4 (if zero or less, enter zero)	6		00	
7. One-half of line 6 (line 6 divided by 2). If zero or less, enter zero.	7		00	
8. Subtract line 7 from line 3. This is your retirement exemption/deduction. Enter on line 15 on page 1 of this return. Do not enter an amount less than zero.	8	\$		00

ATTACH THIS SCHEDULE TO YOUR UTAH TAX RETURN.

PART 3: NON OR PART-YEAR RESIDENTS ONLY - Worksheet to Calculate Utah Income Tax Liability

Line-by-Line Instructions are on page 9.

		WORKSHEET			
		COLUMN A - UTAH INCOME		COLUMN B - TOTAL INCOME	
1. Wages, salaries, tips, unemployment, and other employee compensation	1	\$	00	\$	00
2. Dividends and interest income	2		00		00
3. Business and farm income (or loss)	3		00		00
4. Net gain (or loss) from sale or exchange of capital assets	4		00		00
5. Pensions, annuities, rents, royalties, partnership income, or other income	5		00		00
6. Total income (add lines 1 through 5)	6	\$	00	\$	00
7. Adjustments to income (please explain)	7		00		00
8. Grand total (subtract line 7 from line 6). COLUMN B total must equal the FAGI amount on line 5 of your Utah return. Enter total of Column A in box 'a' and the total of Column B in box 'b' on line 23 on page 1 of the Utah return.	8	\$	00	\$	00

Enter in box "a" on line 23

Enter in box "b" on line 23

ATTACH THIS SCHEDULE TO YOUR UTAH TAX RETURN.

Attach a copy of your federal return.